

Introductory Remarks

IENE's afternoon colloquium on **“The Arab Spring, Oil Market Implications and the role of the East Med Hydrocarbon resources”**, took place on January 30, 2013, at the Eugenides Foundation Conference Centre, in Athens, with the participation of experts and professionals from the hydrocarbon sector, as well as academics and analysts. The Institute's aim in organizing this colloquium, was on the one hand to provide an overall assessment of the impact that Arab Spring is having on the international oil market and on the other to examine the prospects of the recently discovered hydrocarbon reserves in the Eastern Mediterranean in conjunction with the long-term European energy supply requirements. The excuse for staging this particular event was given by a conference organized in December 2012 by Professor John Mazis of the University of Athens on the Uprisings in the Arab Muslim world and issues on security in Mediterranean region.

In a way IENE's colloquium was a follow up of the above conference although it became even more topical, following latest developments in North Africa and the Middle East and more specifically the attack by an Islamic terrorist group against a major natural gas production facility in Tigantourine, near In Amenas in Algeria followed by a terroristic attack in an Algerian gas pipeline few days later.

The Arab Spring is a complex social phenomenon with particular and unique characteristics in each of the countries that have been involved. In December 2010, a despairing Tunisian took one way out, setting himself on fire to protest the injustices of the status quo. Soon, million of people in several Arab states poured into the streets, spreading the revolution, pushing to what is well known today as the “Arab Spring”. But soon the political and economic instability which ensued in those regions and the

non-satisfaction of real democratic demands raised questions about whether it was actually an Arab Spring or an Islamic Winter.

Nevertheless, despite the serious political crisis in Tunisia, Libya, Egypt, Bahrain and Syria, these countries (with the exception of Syria which is currently immersed in a fully blown civil war), have managed to provide a more or less a stable administrative and organizational framework in the energy sector, where many foreign companies continue to operate and make important investments. The sector apparently remains immune to the wider economic and political changes. Thanks to considerable operational and administrative experience and a solid legal framework which has not changed over the years. Following the Arab Spring turmoil in January 2011 at the instability which ensued with hostilities in Libya, international oil prices were affected with a geopolitical premium of 20% added to the price of \$ 90 - \$ 115 per barrel. A premium which has not been taken off as market oil prices continue to move between \$ 110 - \$ 115 per barrel. The drop in supplies for Libya where production almost halted completely in the summer of 2011 was met from increased production from Saudi Arabia and other countries outside OPEC. In view of the above it could be argued that if the “Arab Spring” was to spread to Saudi Arabia, the impact could be dramatic for the stability of the global oil market.

Within this socioeconomic environment, a new dynamic has developed following the discovery of substantial natural gas deposits in Israel and Cyprus. Latest plans on big investments in LNG plants and interregional gas pipelines in SE Mediterranean create a new geostrategic reality which affects the whole region. Greece, which only recently restarted hydrocarbon exploration, is required to strike a balance in a very delicate political and diplomatic regional play.

This IENE colloquium provided an excellent opportunity to address all the above issues, exchanging information and ideas, and also discussing the

shaping of the action required in order to meet the major geopolitical and energy challenges facing the region.